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TO AMEMBASSY BERN PRIORITY
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

S E C R E T STATE 035867

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TAGS: [PARM](#) [MTCRE](#) [PREL](#) [MNUC](#) [ETTC](#) [SZ](#) [IR](#)

SUBJECT: (S) RESPONDING TO SWISS REQUEST FOR ADDITIONAL
INFORMATION ON TRANSFER OF SCHAUBLIN LATHES TO IRAN

REF: A. STATE 13055
[B](#). BERN 131

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASONS
1.4 (B), (D), AND (H).

[1](#)1. (U) This is an action request. Please see
paragraph 6.

[1](#)2. (S) Background: In Ref A, we advised Swiss
officials of information indicating that in July 2006,
the Swiss firm Schaublin Machines SA sold a model 180-
CCN high-precision lathe to Iran's Schiller Novin - an
entity with a history of procuring items on behalf of
Iran's defense industry - for ultimate end-use by
Iran's Hamid Die Manufacturing Co. We also informed
Swiss officials that although this activity took place
in 2006, there exists a possibility that Schaublin
could be sanctioned pursuant to the Iran, North Korea
and Syria Nonproliferation Act (INKSNA).

[1](#)3. (S) In response, the GOS provided a non-paper (Ref
B) indicating that Schaublin did export machine tools
to Iran in 2006, and that the shipments in question
were examined and approved by the Swiss State
Secretariat for Economic Affairs (SECO). Swiss

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officials explained that at the time of the licensing
process, Switzerland had no information implicating
Hamid Die Manufacturing played any role in Iran's
ballistic missile program, and requested additional
information on the subject. (Note: The Swiss response
also indicated that the company is required to submit
all planned exports to Iran and Pakistan - whether
they are subject to international export controls or
not - for review by Swiss authorities. End note.)

[1](#)4. (S//Rel Switzerland) Objectives: We want to advise
the Swiss that although we do not have enough
information on Hamid Die Manufacturing to confirm
their involvement in Iran's ballistic missile program,
our primary concern in this case is the Iranian entity
Schiller Novin. As noted in Ref A, Schiller Novin has
acted as a supplier to Iranian defense-related
entities in the past - including to the Shahid Hemmat
Industrial Group (SHIG), Iran's primary developer of
liquid-fueled ballistic missiles. (Note: In October
2006, Switzerland submitted two MTCR catch-all denial
notifications on proposed exports to Iranian end-users
via Schiller Novin based on the risk of diversion to
the Iranian missile program. In December 2006,
Switzerland issued another catch-all denial
notification concerning an export of precision tools
through Schiller Novin. End note.)

[1](#)5. (S//Rel Switzerland) We also want to provide Swiss
officials with additional details on the reporting
requirements of the Iran, North Korea and Syria
Nonproliferation Act (INKSNA), which were touched upon
in Ref A talking points. The relevant text of the
INKSNA requires periodic reports to the U.S. Congress

identifying every "foreign person" with respect to whom there is "credible information indicating that" the person, on or after January 1, 1999, transferred to or acquired from Iran goods, services or technology on multilateral control lists (e.g., Nuclear Suppliers Group, Missile Technology Control Regime, Australia Group, or Wassenaar Arrangement) or goods, services or technology of the same kind as those on multilateral control lists, which have the potential to make a material contribution to WMD or cruise or ballistic missile systems. In this case, the model 180-CCN lathe Schaublin sold to Schiller Novin is assessed to be controlled by the Wassenaar Arrangement and possibly also by the Nuclear Suppliers Group. Accordingly, INKSNA requires this transfer to be reported to Congress. (Note: The INKSNA reporting requirement does not turn on the identity of the specific end-user. Under INKSNA, all/all transfers to Iran of items on multilateral control lists must be reported. End note.) The decision whether to impose sanctions will be made separately, and any information provided to the U.S. by Switzerland regarding this case will be taken into account as part of the sanctions review. Such information could include enforcement actions taken by the Swiss government to prevent future such transfers by Schaublin to Iranian entities of concern.

16. (U) Action Request: Department requests Embassy Bern approach appropriate host government officials and, drawing on information in paragraph 4, provide Swiss officials with information explaining U.S. concerns about the transfer of the Schaublin lathe to Schiller Novin. Post should also share information provided in paragraph 5 on the Iran, North Korea and Syria Nonproliferation Act. Please report any response.

17. (U) Please contact ISN/MTR's John Paul Herrmann with any questions or follow-up issues related to this case (202-647-1430 - herrmannjp@state.sgov.gov) and slug reporting on this issue for ISN/MTR.
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End Cable Text